

South Carolina Medicaid Reform

Summary

South Carolina proposes to provide risk adjusted Personal health Accounts (PHA's) from which Medicaid beneficiaries may use funds to purchase health care coverage from State approved plans and networks. Coverage plans include commercial insurance provided by PPO's, MCO's, and PCCM/MHN networks. Employed beneficiaries may opt out of PHA's by having Medicaid apply the account balance toward the employer's group health plan. Beneficiaries may also select one of two option-out programs; if they have access to employer sponsored insurance they can have Medicaid pay the premium up to the amount they would have received in their PHA or they can choose a self-directed plan and use PHA funds to purchase a major medical plan and pay for other health services with PHA funds.

Waiver

- South Carolina Healthy Connections an 1115 demonstration—approval pending

Financing

- PHA funds are calculated based upon an individual's age, sex, eligibility category, and health status
- Size of the PHA account for the individual beneficiary is based upon what the state spent on average for beneficiaries in that rate category in the past
- PHA funds not spent within the year roll over to the following year
- Co-payments will be allowed for beneficiaries except certain categories of persons

Nature of Reform

- Consumer directed Medicaid plan providing greater consumer choice
- Hybrid between defined contribution and defined benefit plans
- Greater personal responsibility whereby beneficiaries become "financially vested purchasers of health care"

Expansion Size

- Future expansions may include parents of Medicaid eligible children
- Continued access to PHA funds for persons losing eligibility for one year

Coverage

- All Medicaid beneficiaries included except dual eligibles and foster care children
- Eligibility for children reduced from 21 to 18 years
- Benefits for adults must include currently mandated services, at least four prescription drugs, and durable medical equipment

Legislation

- Waiver initiated by executive branch without legislative action.
- Circuit court lawsuit filed contesting Governor's authority to make changes in the Medicaid plan without following the SC Administrative Procedures Act which requires changes be brought before the General Assembly.